

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Spurr, Michigan	County Baraga
Fiscal Year End 6/30/06	Opinion Date 11/3/6	Date Audit Report Submitted to State 12-28-06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

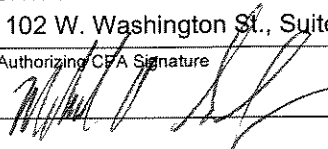
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-225-1166	
Street Address 102 W. Washington St., Suite 109		City Marquette	State MI
		Zip 49855	
Authorizing CPA Signature 	Printed Name Michael Alan Greutz		License Number 1101027988

**TOWNSHIP OF SPURR, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2006**

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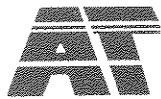
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# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

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GREEN BAY  
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## INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
The Township Board of Trustees  
Township of Spurr, Michigan  
23181 Spurr Court  
Michigamme, Michigan 49861

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Spurr, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township of Spurr, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Spurr, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly the material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of the Township of Spurr, Michigan as of June 30, 2006, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2006 on our consideration of the Township of Spurr, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 8 and 24 through 28, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain

Honorable Supervisor and Members of the Township Board of Trustees  
Township of Spurr, Michigan

limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Spurr, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLC*  
Certified Public Accountants

November 3, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Spurr, Michigan's financial performance provides an overview of the Township's financial activities for the year ended June 30, 2006. Please read it in conjunction with the financial statements, which begin on page 9.

### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$45,716 as a result of this year's operations.
- Net assets of our governmental activities increased by \$45,716, or 15 percent.
- During the year, the Township had expenses for governmental activities that were \$151,141 which is \$45,716 less than the \$196,857 generated in program revenue sources.
- The General Fund reported a net fund balance of \$116,406, which is an increase of \$16,416 as a result of this year's operation.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, the Township has one kind of activity:

- Governmental Activities – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.

### **Reporting the Township's Most Significant Funds**

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 11 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- *Governmental funds* – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

### The Township as a Whole

Table 1 provides a summary of the Township's net assets as of June 30, 2006.

Table 1 – Net Assets	
	Governmental Activities
Current and other assets	\$346,637
Capital assets, net	13,937
Total Assets	<u>\$360,574</u>
Current liabilities	4,374
Total Liabilities	<u>4,374</u>
Net Assets:	
Invested in capital assets, net of related debt	13,937
Unrestricted (deficit)	342,263
	<u>\$356,200</u>

Net assets of the Township's governmental activities stood at \$356,200. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$342,263.

The \$342,263 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2006.

Table 2 Change in Net Assets	
	Governmental Activities
<b>Revenues</b>	
Program Revenues:	
Charges for services	\$3,427
Operating Grants and Contributions	4,924
General Revenues:	
Property taxes	154,062
State Sources	17,005
Interest and Miscellaneous	17,439
Total Revenues	<u>196,857</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

	Governmental Activities
<b>Program Expenses:</b>	
Legislative	\$1,472
Elections	855
General Services and administration	47,554
Public Safety	24,067
Public Works	70,522
Community and Economic Development	80
Recreation and Culture	966
Capital Outlay	5,625
Total Expenses	151,141
Increase (decrease) in net assets	45,716
Net assets, beginning,	310,484
Net Assets, Ending	\$356,200

The Township's total revenues were \$196,857. The total cost of all programs and services was \$151,141, leaving an increase in net assets of \$45,716. Our analysis below separately considers the operations of governmental and business-type activities:

### **Governmental Activities**

The Governmental Activities experienced an increase in net assets for the year of \$45,716.

Key reasons for the change in net assets are as follows:

Net Increase in governmental fund balances of \$45,716

### **THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$342,263 and increase of \$45,716 from the beginning of the year.

#### General Fund

In our General Fund, there was a gain of \$16,416 relating to budget expenditures close with revenues.

#### Fire Fund

In our Fire Fund, there was a gain of \$ 28,325 due to saving for future projects.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board revised the budget several times for immaterial amounts.

Budget amendments were done during the year. There were no significant budget variances during the fiscal year. Revenues were \$18,974 more than the budgeted \$58,695 and expenditures were \$4,098 less than the budgeted \$65,351.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal 2006, the Township had \$13,937 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment. (See table 3 below).



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 3  
Capital Assets at Year-End

	Governmental Activities – 2006
Land	\$13,937
Buildings and improvements	-
Equipment and furnishings	-
	<u>\$13,937</u>

There were no additions or deletions to Capital Assets during the current year and depreciation expense of \$0 were record during the year.

### **Debt**

At the end of fiscal year 2006, the Township had no bonds and notes outstanding.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the Township's budget for the year ending June 30, 2007, the Township considered the following issues:

We reviewed the fiscal year 2005 and 2006 budget vs. actual and budgeted roughly the same amounts, except for some minor variances.

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Spurr, 23181 Spurr Court, Michigamme, MI 49861.

**Township of Spurr, Michigan**

**STATEMENT OF NET ASSETS**

June 30, 2006

	<u><b>Primary Government Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 341,053
Receivables (net)	<u>5,584</u>
<b>TOTAL CURRENT ASSETS</b>	<u>346,637</u>
Non-current assets:	
Capital Assets	
Land and construction in progress	13,937
Other capital assets	50,928
Accumulated depreciation	<u>(50,928)</u>
Total Capital Assets	<u>13,937</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>13,937</u>
<b>TOTAL ASSETS</b>	<u>360,574</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts payable	4,374
Accrued liabilities	-
Current portion of bonds payable	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,374</u>
Non-current Liabilities:	
Bonds payable	<u>-</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>4,374</u>
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	13,937
Unrestricted	<u>342,263</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 356,200</u></u>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2006

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
<b>Primary Government:</b>					
Governmental Activities:					
Legislative	\$ 1,472	-	-	-	(1,472)
Elections	855	-	-	-	(855)
General services and administration	47,554	3,427	-	-	(44,127)
Public safety	24,067	-	522	-	(23,545)
Public works	70,522	-	4,402	-	(66,120)
Health and welfare	-	-	-	-	-
Community and economic development	80	-	-	-	(80)
Recreation and culture	966	-	-	-	(966)
Other	-	-	-	-	-
Capital outlay	5,625	-	-	-	(5,625)
Total Governmental Activities	151,141	3,427	4,924	-	(142,790)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 151,141</b>	<b>\$ 3,427</b>	<b>\$ 4,924</b>	<b>\$ -</b>	<b>(142,790)</b>

General Revenues:	
Taxes	154,062
Unrestricted State sources	17,005
Interest and investment earnings	8,203
Miscellaneous	9,236
<b>TOTAL GENERAL REVENUES</b>	<b>188,506</b>
<b>CHANGE IN NET ASSETS</b>	<b>45,716</b>
Net assets, beginning of year	310,484
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 356,200</b>

The accompanying notes are an integral part of these financial statements.

Township of Spurr, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2006

		General Fund	Road Fund	Fire Fund	Cemetery Fund	Sanitation Fund	Capital Projects	Non-Major Liquor Fund	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$	111,260	\$ 5,345	\$ 89,441	\$ 3,965	\$ 53,194	\$ 77,274	\$ 574	\$ 341,053
Receivables		-	-	-	-	-	-	-	-
Due from state		5,584	-	-	-	-	-	-	5,584
Due from other funds		-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>116,844</b>	<b>\$ 5,345</b>	<b>\$ 89,441</b>	<b>\$ 3,965</b>	<b>\$ 53,194</b>	<b>\$ 77,274</b>	<b>\$ 574</b>	<b>\$ 346,637</b>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>LIABILITIES:</b>									
Accounts payable	\$	438	\$ -	\$ 563	\$ 734	\$ 2,639	\$ -	\$ -	\$ 4,374
Accrued payroll and related		-	-	-	-	-	-	-	-
Due to other funds		-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>438</b>	<b>-</b>	<b>563</b>	<b>734</b>	<b>2,639</b>	<b>-</b>	<b>-</b>	<b>4,374</b>
<b>FUND BALANCE:</b>									
Unreserved, reported in:									
Undesignated		116,406	5,345	88,878	3,231	50,555	77,274	574	342,263
<b>TOTAL FUND BALANCE</b>		<b>116,406</b>	<b>5,345</b>	<b>88,878</b>	<b>3,231</b>	<b>50,555</b>	<b>77,274</b>	<b>574</b>	<b>342,263</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b>116,844</b>	<b>\$ 5,345</b>	<b>\$ 89,441</b>	<b>\$ 3,965</b>	<b>\$ 53,194</b>	<b>\$ 77,274</b>	<b>\$ 574</b>	<b>\$ 346,637</b>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

June 30, 2006

<b>Total Fund Balances for Governmental Funds</b>		<b>\$</b>	<b>342,263</b>
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*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

Land and construction in progress	13,937	
Other capital assets	50,928	
Accumulated depreciation	<u>(50,928)</u>	13,937

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	-	
Bonds payable	<u>-</u>	<u>-</u>

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b>\$</b>	<b><u>356,200</u></b>
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The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2006

	General Fund	Road Fund	Fire Fund	Cemetery Fund	Sanitation Fund	Capital Projects Fund	Non-Major Liquor Fund	Total Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 40,905	\$ 29,568	\$ 47,183	\$ 303	\$ 36,103	\$ -	\$ -	\$ 154,062
Licenses and permits	-	-	-	-	-	-	-	-
State sources	21,407	-	-	-	-	-	522	21,929
Charges for services	3,427	-	-	-	-	-	-	3,427
Interest	2,694	430	2,133	124	600	2,190	32	8,203
Other	9,236	-	-	-	-	-	-	9,236
<b>TOTAL REVENUES</b>	<b>77,669</b>	<b>29,998</b>	<b>49,316</b>	<b>427</b>	<b>36,703</b>	<b>2,190</b>	<b>554</b>	<b>196,857</b>
<b>EXPENDITURES:</b>								
Legislative	1,472	-	-	-	-	-	-	1,472
Elections	855	-	-	-	-	-	-	855
General services and administration	44,579	-	-	2,975	-	-	-	47,554
Public safety	2,495	-	20,991	-	-	-	581	24,067
Public works	5,181	30,000	-	-	35,341	-	-	70,522
Health and welfare	-	-	-	-	-	-	-	-
Community and economic development	80	-	-	-	-	-	-	80
Recreation and culture	966	-	-	-	-	-	-	966
Other	-	-	-	-	-	-	-	-
Capital outlay	5,625	-	-	-	-	-	-	5,625
<b>TOTAL EXPENDITURES</b>	<b>61,253</b>	<b>30,000</b>	<b>20,991</b>	<b>2,975</b>	<b>35,341</b>	<b>-</b>	<b>581</b>	<b>151,141</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,416</b>	<b>(2)</b>	<b>28,325</b>	<b>(2,548)</b>	<b>1,362</b>	<b>2,190</b>	<b>(27)</b>	<b>45,716</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>16,416</b>	<b>(2)</b>	<b>28,325</b>	<b>(2,548)</b>	<b>1,362</b>	<b>2,190</b>	<b>(27)</b>	<b>45,716</b>
Fund balance, beginning of year	99,990	5,347	60,553	5,779	49,193	75,084	601	296,547
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 116,406</b>	<b>\$ 5,345</b>	<b>\$ 88,878</b>	<b>\$ 3,231</b>	<b>\$ 50,555</b>	<b>\$ 77,274</b>	<b>\$ 574</b>	<b>\$ 342,263</b>

The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>45,716</b>
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*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	-	
Depreciation expense	-	
	<hr/>	-

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>45,716</u></b>
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The accompanying notes are an integral part of these financial statements.

**Township of Spurr, Michigan**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2006

	<b>Agency Funds</b>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 1,047</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,047</u></u>
<b>LIABILITIES:</b>	
Due to others	<u>\$ 1,047</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,047</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF SPURR, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

**(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

**(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of Interfund activities has been removed from these statements.

### (3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds:***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

**General Fund** – General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road Fund** is used to account for the maintenance and construction of local road system.
- The **Fire Fund** is used to account for the operation of the fire department.
- The **Cemetery Fund** is used to account for the operation of the township cemetery.
- The **Sanitation Fund** is used to account for the operation of the refuse collection.
- The **Capital Projects Fund** is used to account for the capital outlay of the Township.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

### ***Accrual***

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

## **(5) FINANCIAL STATEMENT AMOUNTS**

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to June 30 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

2. The following considerations must be reviewed in determination of transfer approvals.
  - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
  - b. Will the transfer maintain the financial integrity of the Township?
  - c. Will the transfer provide a reasonable solution to the Departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

**Cash Equivalents and Investments** – for the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Land improvements	15 years
Building, structures and improvements	10-40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1<sup>st</sup> of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

As of June 30, 2006, the Township's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and equivalents	\$341,053	\$1,047	\$342,100
Investments	-	-	-
	<u>\$341,053</u>	<u>\$1,047</u>	<u>\$342,100</u>

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$342,100 and the bank balance was \$347,570 bank balance is categorized as follows:

Amount insured by the FDIC	\$200,000
Amount uncollateralized and uninsured	147,570
	<u>\$347,570</u>

## NOTE B – DEPOSITS AND INVESTMENTS (Continued):

### Investments

As of June 30, 2006, the Township did not have any investments.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

### Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at July 1, 2005	Additions	Disposals	Balance at June 30, 2006
GOVERNMENTAL ACTIVITIES:				
Land	\$13,937	\$-	\$-	\$13,937
Total Capital Assets, not being depreciated	13,937	-	-	13,937
Buildings and improvements	50,928	-	-	50,928
Furniture and equipment	-	-	-	-
Total Capital Assets, being depreciated	50,928	-	-	50,928
Less Accumulated Depreciation:				
Building and improvements	(50,928)	-	-	(50,928)
Furniture and equipment	(-)	-	-	(-)
Total Accumulated Depreciation	(50,928)	-	-	(50,928)
Governmental Activities Capital Assets, Net	\$13,937	\$-	\$-	\$13,937

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

Unallocated Depreciation	\$ -
Total	\$ -

## NOTE D – PROPERTY TAXES:

The Township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31<sup>st</sup>.

**NOTE D – PROPERTY TAXES (Continued):**

Although the Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2005 taxable valuation of the Township totaled \$17,966,901 on which ad valorem taxes levied consisted of .8993 mills for the Township's operation purposes, 2.3218 mills for the operation of the fire department, 1.7500 mills for refuse collection, 1.4551 mills for road improvements. These amounts are recognized in the General Fund, Fire Fund, Sanitation Fund and Road Fund financial statements as revenue.

**NOTE E – CONTINGENT LIABILITIES:**

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE F – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

The Township has variances with regards to expenditures over appropriations in their funds as of June 30, 2006.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund:			
Recreation and Grants	600	966	366

## OTHER SUPPLEMENTAL INFORMATION



## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

**Township of Spurr, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2006

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 40,808	\$ 39,175	\$ 40,905	\$ 1,730
License and permits	-	-	-	-
State sources	15,000	15,000	21,407	6,407
Charges for services	2,010	2,020	3,427	1,407
Interest	1,800	1,800	2,694	894
Other revenues	790	700	9,236	8,536
<b>TOTAL REVENUES</b>	<b>60,408</b>	<b>58,695</b>	<b>77,669</b>	<b>18,974</b>
<b>EXPENDITURES:</b>				
Legislative	1,560	1,560	1,472	88
Elections	450	860	855	5
General services and administration	46,750	48,541	44,579	3,962
Public safety	2,000	2,496	2,495	1
Public works	5,000	5,200	5,181	19
Health and welfare	-	-	-	-
Community and economic development	50	80	80	-
Recreation and culture	300	600	966	(366)
Other	-	-	-	-
Capital outlay	2,060	6,014	5,625	389
<b>TOTAL EXPENDITURES</b>	<b>58,170</b>	<b>65,351</b>	<b>61,253</b>	<b>4,098</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,238</b>	<b>(6,656)</b>	<b>16,416</b>	<b>23,072</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>2,238</b>	<b>(6,656)</b>	<b>16,416</b>	<b>23,072</b>
Fund balance, beginning of year	99,990	99,990	99,990	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 102,228</b>	<b>\$ 93,334</b>	<b>\$ 116,406</b>	<b>\$ 23,072</b>

**Township of Spurr, Michigan**

**ROAD FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2006

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 29,719	\$ 27,540	\$ 29,568	\$ 2,028
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	200	200	430	230
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>29,919</b>	<b>27,740</b>	<b>29,998</b>	<b>2,258</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	30,400	30,400	30,000	400
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>30,400</b>	<b>30,400</b>	<b>30,000</b>	<b>400</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(481)</b>	<b>(2,660)</b>	<b>(2)</b>	<b>2,658</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(481)</b>	<b>(2,660)</b>	<b>(2)</b>	<b>2,658</b>
Fund balance, beginning of year	5,347	5,347	5,347	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 4,866</b>	<b>\$ 2,687</b>	<b>\$ 5,345</b>	<b>\$ 2,658</b>

**Township of Spurr, Michigan**

**FIRE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2006

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 46,896	\$ 42,180	\$ 47,183	\$ 5,003
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	1,000	1,000	2,133	1,133
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>47,896</b>	<b>43,180</b>	<b>49,316</b>	<b>6,136</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	56,722	56,722	20,991	35,731
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>56,722</b>	<b>56,722</b>	<b>20,991</b>	<b>35,731</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,826)</b>	<b>(13,542)</b>	<b>28,325</b>	<b>41,867</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(8,826)</b>	<b>(13,542)</b>	<b>28,325</b>	<b>41,867</b>
Fund balance, beginning of year	60,553	60,553	60,553	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 51,727</b>	<b>\$ 47,011</b>	<b>\$ 88,878</b>	<b>\$ 41,867</b>

**Township of Spurr, Michigan**

**CEMETERY FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2006

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 300	\$ 306	\$ 303	\$ (3)
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	25	25	124	99
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>325</b>	<b>331</b>	<b>427</b>	<b>96</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	3,500	3,500	2,975	525
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,500</b>	<b>3,500</b>	<b>2,975</b>	<b>525</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,175)</b>	<b>(3,169)</b>	<b>(2,548)</b>	<b>621</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(3,175)</b>	<b>(3,169)</b>	<b>(2,548)</b>	<b>621</b>
Fund balance, beginning of year	5,779	5,779	5,779	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,604</b>	<b>\$ 2,610</b>	<b>\$ 3,231</b>	<b>\$ 621</b>

**Township of Spurr, Michigan**

**SANITATION FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2006

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP</b>	<b>Final Budget</b>
			<b>Basis</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 34,792	\$ 32,350	\$ 36,103	\$ 3,753
Licenses and permits	-	-	-	-
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	500	500	600	100
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>35,292</b>	<b>32,850</b>	<b>36,703</b>	<b>3,853</b>
<b>EXPENDITURES:</b>				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	41,400	41,400	35,341	6,059
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>41,400</b>	<b>41,400</b>	<b>35,341</b>	<b>6,059</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<b>(6,108)</b>	<b>(8,550)</b>	<b>1,362</b>	<b>9,912</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(6,108)</b>	<b>(8,550)</b>	<b>1,362</b>	<b>9,912</b>
Fund balance, beginning of year	49,193	49,193	49,193	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 43,085</b>	<b>\$ 40,643</b>	<b>\$ 50,555</b>	<b>\$ 9,912</b>

**Township of Spurr, Michigan**  
**MAJOR GOVERNMENTAL FUNDS**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 15,000	\$ 14,691	\$ (309)
Delinquent taxes	850	1,415	565
Commercial forest	1,000	2,114	1,114
Swamp tax	13,000	13,219	219
Penalties and interest	225	358	133
Collection fees	9,100	9,108	8
Total Taxes	<u>39,175</u>	<u>40,905</u>	<u>1,730</u>
State Sources:			
Revenue sharing	15,000	17,005	2,005
Metro authority	-	4,402	4,402
Total State Sources	<u>15,000</u>	<u>21,407</u>	<u>6,407</u>
Charges for Services:			
Fees	20	85	65
Permits	2,000	3,342	1,342
Total Charges for Services	<u>2,020</u>	<u>3,427</u>	<u>1,407</u>
Interest			
Interest and dividends	1,800	2,694	894
Total Interest	<u>1,800</u>	<u>2,694</u>	<u>894</u>
Other Revenues:			
Miscellaneous other	700	9,236	8,536
Total Other Revenues	<u>700</u>	<u>9,236</u>	<u>8,536</u>
<b>TOTAL REVENUES</b>	<u>58,695</u>	<u>77,669</u>	<u>18,974</u>
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Township Board:			
Personal services	1,560	1,472	88
<b>TOTAL LEGISLATIVE</b>	<u>1,560</u>	<u>1,472</u>	<u>88</u>
<b>ELECTIONS:</b>			
Personal services	860	855	5
<b>TOTAL ELECTIONS</b>	<u>860</u>	<u>855</u>	<u>5</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personal services	\$ 5,410	\$ 5,406	\$ 4
Total Supervisor	5,410	5,406	4
Assessor:			
Personal services	5,302	5,302	-
Total Assessor	5,302	5,302	-
Clerk:			
Personal services	6,510	6,456	54
Total Clerk	6,510	6,456	54
Board of Review:			
Personal services	500	450	50
Total Board of Review	500	450	50
Treasurer:			
Personal services	8,778	8,778	-
Total Treasurer	8,778	8,778	-
Township Hall and Grounds:			
Personal services	-	-	-
Supplies	-	-	-
Other services and charges	20,041	18,187	1,854
Capital outlay	2,000	-	2,000
Total Township Hall and Grounds	22,041	18,187	3,854
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	<b>48,541</b>	<b>44,579</b>	<b>3,962</b>
<b>PUBLIC SAFETY:</b>			
Building Inspection:			
Personal services	2,496	2,495	1
Total Building Inspection	2,496	2,495	1
<b>TOTAL PUBLIC SAFETY</b>	<b>2,496</b>	<b>2,495</b>	<b>1</b>



**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>PUBLIC WORKS:</b>			
Streetlights:			
Other services and charges	\$ 5,200	\$ 5,181	\$ 19
Total Streetlights	<u>5,200</u>	<u>5,181</u>	<u>19</u>
<b>TOTAL PUBLIC WORKS</b>	<u>5,200</u>	<u>5,181</u>	<u>19</u>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT:</b>			
Planning Commission:			
Personal services	80	80	-
Total Planning Commission	<u>80</u>	<u>80</u>	<u>-</u>
<b>TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT</b>	<u>80</u>	<u>80</u>	<u>-</u>
<b>RECREATION AND CULTURE:</b>			
Recreation and Grants:			
Other services and charges	600	966	(366)
Total Recreation and Grants	<u>600</u>	<u>966</u>	<u>(366)</u>
<b>TOTAL RECREATION AND CULTURE</b>	<u>600</u>	<u>966</u>	<u>(366)</u>
<b>OTHER:</b>			
Fringe Benefits:			
Personal services	6,014	5,625	389
Total Fringe Benefits	<u>6,014</u>	<u>5,625</u>	<u>389</u>
<b>TOTAL OTHER</b>	<u>6,014</u>	<u>5,625</u>	<u>389</u>
<b>TOTAL EXPENDITURES</b>	<u>65,351</u>	<u>61,253</u>	<u>4,098</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,656)</u>	<u>16,416</u>	<u>23,072</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	\$ -	\$ -	\$ -
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>CHANGE IN FUND BALANCE</b>	 (6,656)	 16,416	 23,072
 Fund balance, beginning of year	 <u>99,990</u>	 <u>99,990</u>	 <u>-</u>
 <b>FUND BALANCE, END OF YEAR</b>	 <u><u>\$ 93,334</u></u>	 <u><u>\$ 116,406</u></u>	 <u><u>\$ 23,072</u></u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**ROAD FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 24,000	\$ 23,773	\$ (227)
Delinquent taxes	1,300	2,376	1,076
Commercial forest	2,240	3,419	1,179
Total Taxes	<u>27,540</u>	<u>29,568</u>	<u>2,028</u>
Other Revenues:			
Interest	200	430	230
Total Other Revenues	<u>200</u>	<u>430</u>	<u>230</u>
<b>TOTAL REVENUES</b>	<u>27,740</u>	<u>29,998</u>	<u>2,258</u>
<b>EXPENDITURES:</b>			
Public Works:			
Highway:			
Other services and charges	30,400	30,000	400
Total Public Works	<u>30,400</u>	<u>30,000</u>	<u>400</u>
<b>TOTAL EXPENDITURES</b>	<u>30,400</u>	<u>30,000</u>	<u>400</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,660)</u>	<u>(2)</u>	<u>2,658</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(2,660)</u>	<u>(2)</u>	<u>2,658</u>
Fund balance, beginning of year	<u>5,347</u>	<u>5,347</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,687</u>	<u>\$ 5,345</u>	<u>\$ 2,658</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 37,000	\$ 37,935	\$ 935
Delinquent taxes	2,000	3,792	1,792
Commercial forest	3,180	5,456	2,276
Total Taxes	<u>42,180</u>	<u>47,183</u>	<u>5,003</u>
Other Revenues:			
Interest	1,000	2,133	1,133
Total Other Revenues	<u>1,000</u>	<u>2,133</u>	<u>1,133</u>
<b>TOTAL REVENUES</b>	<u>43,180</u>	<u>49,316</u>	<u>6,136</u>
<b>EXPENDITURES:</b>			
Public Safety:			
Fire Department			
Personal services	259	226	33
Other services and charges	41,463	20,765	20,698
Capital outlay	15,000	-	15,000
Total Public Safety	<u>56,722</u>	<u>20,991</u>	<u>35,731</u>
<b>TOTAL EXPENDITURES</b>	<u>56,722</u>	<u>20,991</u>	<u>35,731</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,542)</u>	<u>28,325</u>	<u>41,867</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(13,542)</u>	<u>28,325</u>	<u>41,867</u>
Fund balance, beginning of year	<u>60,553</u>	<u>60,553</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 47,011</u>	<u>\$ 88,878</u>	<u>\$ 41,867</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**CEMETERY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Commercial forest	\$ 306	\$ 303	\$ (3)
Total Taxes	<u>306</u>	<u>303</u>	<u>(3)</u>
Other Revenues:			
Interest	25	124	99
Total Other Revenues	<u>25</u>	<u>124</u>	<u>99</u>
<b>TOTAL REVENUES</b>	<u>331</u>	<u>427</u>	<u>96</u>
<b>EXPENDITURES:</b>			
General Government:			
Cemetery:			
Other services and charges	3,500	2,975	525
Total General Government	<u>3,500</u>	<u>2,975</u>	<u>525</u>
<b>TOTAL EXPENDITURES</b>	<u>3,500</u>	<u>2,975</u>	<u>525</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,169)</u>	<u>(2,548)</u>	<u>621</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(3,169)</u>	<u>(2,548)</u>	<u>621</u>
Fund balance, beginning of year	<u>5,779</u>	<u>5,779</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,610</u>	<u>\$ 3,231</u>	<u>\$ 621</u>

**Township of Spurr, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**SANITATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 29,000	\$ 28,592	\$ (408)
Delinquent taxes	1,500	2,857	1,357
Commercial forest	1,850	4,654	2,804
Total Taxes	<u>32,350</u>	<u>36,103</u>	<u>3,753</u>
Other Revenues:			
Interest	500	600	100
Total Other Revenues	<u>500</u>	<u>600</u>	<u>100</u>
<b>TOTAL REVENUES</b>	<u>32,850</u>	<u>36,703</u>	<u>3,853</u>
<b>EXPENDITURES:</b>			
Public Works:			
Sanitation:			
Other services and charges	41,400	35,341	6,059
Total Public Works	<u>41,400</u>	<u>35,341</u>	<u>6,059</u>
<b>TOTAL EXPENDITURES</b>	<u>41,400</u>	<u>35,341</u>	<u>6,059</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(8,550)</u>	<u>1,362</u>	<u>9,912</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(8,550)</u>	<u>1,362</u>	<u>9,912</u>
Fund balance, beginning of year	<u>49,193</u>	<u>49,193</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 40,643</u></u>	<u><u>\$ 50,555</u></u>	<u><u>\$ 9,912</u></u>

**Township of Spurr, Michigan**

**NON-MAJOR GOVERNMENTAL FUNDS**

**CAPITAL PROJECTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Other Revenue:			
Interest	1,900	2,190	290
Total Other Revenue	<u>1,900</u>	<u>2,190</u>	<u>290</u>
<b>TOTAL REVENUES</b>	<u>1,900</u>	<u>2,190</u>	<u>290</u>
<b>EXPENDITURES:</b>			
Capital Outlay:			
Capital Projects:			
Other services and charges	5,000	-	5,000
Total Capital Outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>TOTAL EXPENDITURES</b>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,100)</u>	<u>2,190</u>	<u>5,290</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(3,100)</u>	<u>2,190</u>	<u>5,290</u>
Fund balance, beginning of year	<u>75,084</u>	<u>75,084</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 71,984</u></u>	<u><u>\$ 77,274</u></u>	<u><u>\$ 5,290</u></u>

**Township of Spurr, Michigan**

**NON-MAJOR GOVERNMENTAL FUNDS**

**LIQUOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
State Sources:			
Liquor Revenue	\$ 522	\$ 522	\$ -
Total Liquor Revenue	<u>522</u>	<u>522</u>	<u>-</u>
Other Revenue:			
Interest	10	32	22
Total Other Revenue	<u>10</u>	<u>32</u>	<u>22</u>
<b>TOTAL REVENUES</b>	<u>532</u>	<u>554</u>	<u>22</u>
<b>EXPENDITURES:</b>			
Public Safety:			
Liquor Inspection:			
Personal services	585	581	4
Total Public Safety	<u>585</u>	<u>581</u>	<u>4</u>
<b>TOTAL EXPENDITURES</b>	<u>585</u>	<u>581</u>	<u>4</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(53)</u>	<u>(27)</u>	<u>26</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer In	-	-	-
Transfer Out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(53)</u>	<u>(27)</u>	<u>26</u>
Fund balance, beginning of year	<u>601</u>	<u>601</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 548</u>	<u>\$ 574</u>	<u>\$ 26</u>



**Township of Spurr, Michigan**

**FIDUCIARY FUNDS**

**COMBINING STATEMENT OF NET ASSETS**

June 30, 2006

	Tax Collection Fund	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,047	\$ 1,047
<b>TOTAL ASSETS</b>	<u>\$ 1,047</u>	<u>\$ 1,047</u>
<b>LIABILITIES</b>		
Due to other government units	\$ 1,047	\$ 1,047
<b>TOTAL LIABILITIES</b>	<u>\$ 1,047</u>	<u>\$ 1,047</u>

## Compliance Supplements



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees  
Township of Spurr, Michigan  
23181 Spurr Court  
Michigan, Michigan 49861

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2006, which collectively comprise the Township of Spurr, Michigan's basic financial statements and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Spurr, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

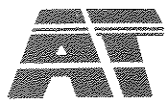
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Spurr, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*. These instances can be found in a separate letter to management dated November 3, 2006 as 06-01.

This report is intended solely for the information and use of the audit committee, management, and Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLC*  
Certified Public Accountants

November 3, 2006



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

### *Township of Spurr, Michigan Report to Management Letter For the Year Ended June 30, 2006*

To the Honorable Supervisor and Members of The Township Board  
Township of Spurr, Michigan  
23181 Spurr Court  
Michigamme, MI 49861

In planning and performing our audit of the financial statements of the Township of Spurr, Michigan for the year ended June 30, 2006; we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could affect the Township of Spurr, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

#### Excess Expenditures Over Appropriations

**06-01 Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of the Township for these funds were adopted on an activity and/or program level. During the year ended June 30, 2006, the Township incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

**Management Response:** Contact Person Responsible for Correction – Linda Legacy – Clerk

**Corrective Action Plan:** The budget will be more closely monitored and budget amendments will be made accordingly.

**Anticipated Completion Date:** June 30, 2007

To the Honorable Supervisor and Members of  
The Township Board  
Township of Spurr, Michigan

\* \* \* \* \*

This report is intended solely for the information and use of the Township of Spurr, Michigan's board, management, and other legislative or regulatory body and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Spurr, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLC*  
Certified Public Accountants

November 3, 2006



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November 3, 2006

To the Honorable Supervisor and Township Board  
Of The Township of Spurr, Michigan  
23181 Spurr Court  
Michigamme, MI 49861

We have audited the financial statements of the Township of Spurr; Michigan for the year ended June 30, 2006, and has issued our report thereon dated November 3, 2006. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards and Governmental Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Spurr, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed test of the Township of Spurr, Michigan's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Significant Accounting Policies**

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Spurr, Michigan are described in the Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township of Spurr, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

To the Honorable Supervisor and Township Board  
Of Spurr Township, Michigan

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Spurr; Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Spurr, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Spurr, Michigan's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Spurr, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in the performance of our audit.

### **Conclusion**

This information is intended solely for the use of the Township of Spurr, Michigan Board and management and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants